

## REMARKS

Applicants respectfully request reconsideration of the instant application in the view of the foregoing amendments and the following remarks. Claims 1-21 are *pending*. Claims 1, 7, 17, 19, and 21 are *independent*. Claims 1, 7-8, 16-17, 19, and 21 have been *amended*; although these claims have been amended herein to provide clarification, correct typographical inaccuracies and/or informalities, and/or to better track practical/commercial implementations/practices, Applicants submit that the originally filed claims are patentable and reserve the right to pursue the originally filed claims (as well as any claims dependent therefrom) at a later time and/or in one or more continuation application(s). Applicants submit that these claim amendments are supported throughout the originally filed specification, figures, claims, and abstract and that no new matter has been added by way of these amendments.

### **Claim Rejections - 35 U.S.C. § 101**

The Office Action has rejected claims 1-17 under 35 U.S.C. § 101 as allegedly directed to non-statutory subject matter. Applicant respectfully traverses this rejection.

More specifically, it is alleged in the Office Action " a 'computing device' without physical structure tied to it, can be a virtual machine, which is computer code per se." (Office Action, February 4, 2009, page 3). Applicants respectfully disagrees.

Applicants submit that there is no test for non-statutory subject matter that subjectively precludes the aforementioned claims. MPEP §2106, Section IV, states "claims directed to nothing more than abstract ideas (such as mathematical algorithms), natural phenomena, and laws of nature are not eligible for patent protection." MPEP §2106 also discusses "[w]hile abstract ideas, natural phenomena, and laws of nature are not eligible for patenting, methods and

products employing abstract ideas, natural phenomena, and laws of nature to perform a real-world function may well be [patentable]."

Applicants submit that the elements recited in noted claims are, in fact, directed to statutory subject matter and do not fall within the recognized Judicial Exceptions as merely abstract ideas (such as mathematical algorithms), natural phenomena, and/or laws of nature.

Though Applicants respectfully traverse the Examiner's rejection and reserves the right to argue patentability of the claims in their original form at a later time, Applicants have amended independent claims 1, 7, and 17 to provide clarification, correct typographical inaccuracies and/or informalities, and/or to better track practical/commercial implementations/practices. Amended claims 1, 7, and 17 recite, *inter alia*, a "processor-implemented method" and "...by a processor..." Applicant submits that amended claims 1, 7, and 17 are tied to a particular machine i.e., a processor.

Should the Examiner disagree, Applicant respectfully requests clarification and specific discussion as to how the pending claims would allegedly be excluded as § 101 non-statutory subject matter through explicit application in accordance with 35 U.S.C. § 101 and required per MPEP § 2106 IV:

- (A) consider the breadth of 35 U.S.C. § 101 under the Controlling Law;
- (B) determine whether the claimed invention falls within an enumerated statutory category;
- (C) determine whether the claimed invention falls within 35 U.S.C. § 101 Judicial Exceptions - Laws of Nature, Natural Phenomena, and Abstract Ideas;
  - (1) determine whether the claimed invention covers either a 35 U.S.C. § 101 Judicial Exception or a practical application of a 35 U.S.C. § 101 Judicial Exception;
  - (2) determine whether the claimed invention is a practical application of an abstract idea, law of nature or natural phenomenon;
    - (i) practical application by physical transformation;
    - (ii) practical Application that produces a useful, concrete and tangible result; and

**(3)** determine whether the claimed invention preempts a 35 U.S.C. § 101 Judicial Exception (Abstract Idea, Law of Nature, or Natural Phenomenon). (See MPEP § 2106 IV(A-C))

Although of different scope than independent claim 1 Applicant submits that claims 2-6, 8-16, and 18 which depend directly or indirectly from independent claims 1, 7, and 17 are also directed to statutory subject matter for at least the reasons discussed above with respect to independent claims 1, 7, and 17. Accordingly, Applicants request withdrawal of this ground of rejection(s), and reconsideration and allowance of the claims.

**Claim Rejections - 35 U.S.C. § 103**

Claims 1, 3-7, 9, 16, and 18-21 are rejected under 35 U.S.C. 103(a) as allegedly being being unpatentable over Internal Revenue Service Issues Guidance on Popular Equity-Linked Financial Products, Shearman & Sterling LLP, July 2003, (hereinafter "Shearman") in view in of Aberman et al. (U.S. Patent Publication 2003/0225656) (Hereinafter "Aberman"). It should be noted that Aberman was filed May 14, 2003, which is less than three months earlier than Applicants' earliest priority date of August 5, 2003 and it is not conceded that Aberman was filed in the US before the invention by the Applicants. 35 U.S.C. §102(e). It should also be noted that Shearman was published in July 2003 which is less than one month earlier than Applicants' earliest priority date of August 5, 2003.

Without so conceding, Applicants respectfully traverse the rejection and submit that a prima facie case of obviousness has not been established and that the pending claims are patentably distinct from the cited references, taken alone or in combination, for at least the following reasons.

## **I. Applicants submit that a *prima facie* case of obviousness has not been established**

MPEP § 706.02(j) prescribes that a rejection under 35 U.S.C. § 103 should set forth:

- (i) the relevant teachings of the prior art relied upon,
- (ii) the differences in the claim over the applied references,
- (iii) the proposed modification of the applied references to arrive at the claimed subject matter, and
- (iv) an explanation as to why the claimed invention would have been obvious to one of ordinary skill in the art at the time the invention was made.

Applicants submit that the rejections in the pending Final Office Action do not establish each of these requirements.

Applicants submit that the Office Action does not address every claim limitation of claims 7-21 to establish the differences in the claim over the applied references. The MPEP prescribes that, "when evaluating the scope of a claim, every limitation in the claim must be considered," [§ 2106 II(C), emphasis added] and, "All words in a claim must be considered in judging the patentability of that claim against the prior art." [§ 2143.03, emphasis added]. The Examiner has failed to comply with this and states that "[C]laims 7-21 are analogous to claims 1-6 [and] are rejected using the reasoning stated above." (Office Action, February 4, 2009, page 7). Applicants respectfully requests the Examiner substantively address all recited claim elements of claim 7-21.

Furthermore, Applicants submit that the rejection in the February 4, 2009, Office Action, has not established why the claimed invention would have been obvious to one of ordinary skill in the art at the time the invention was made by not treating the claims as wholes and by applying impermissible hindsight. MPEP § 2141.02 (I) states, "In determining the differences between the prior art and the claims, the question under 35 U.S.C. § 103 is not whether the differences themselves would have been obvious, but whether the claimed invention as a whole would have been obvious." [See, MPEP § 2141.02(I); original emphasis]. MPEP § 2106 (II)(C), states *inter alia*: "USPTO

personnel may not dissect a claimed invention into discrete elements and then evaluate the elements in isolation. Instead, the claim as a whole must be considered." Applicants submit that the pending rejection asserts over-generalizations that conclude obviousness of the alleged differences in isolation and not in respect to the claim elements recited in each claim taken as a whole.

For example, the rejection of claim 1 alleges that, "Tier 1 capital, as claimed by the applicant, allows better credit rating scores, by credit agencies..." (Office Action, February 4, 2009, page 2). Applicants submit that claim 1 recites "structuring the note as a combination of capped and uncapped remarketings, so it is treated as Tier 1 capital, for purposes of regulations applicable to financial institutions." Neither Shearman nor Aberman discuss credit rating scores. Further, even if Shearman and Aberman were combined, the claimed invention would not render obvious as Tier 1 capital is absent from both cited references. Therefore, Applicants submit that the pending rejection is based on impermissible hindsight in repeatedly relying on conclusory assertions of obviousness without discussing how the cited references are allegedly modifiable to achieve the claimed subject matter as required by the MPEP. Applicants request clarification as to why it would have been obvious to one of ordinary skill in the art at the time the invention to modify the method of Aberman and the discussion on Shearman because neither Aberman nor Shearman teach capped and uncapped remarketings let alone "structuring the note as a combination of capped and uncapped remarketings, so it is treated as Tier 1 capital, for purposes of regulations applicable to financial institutions," as recited in all independent claims.

As such, Applicants respectfully request that, if the Examiner maintains this rejection, the Examiner discuss the level of ordinary skill in the art at the time of the invention and clarify how the claimed subject matter would have been obvious to one possessing that level of skill.

## **II. The pending claims are patentably distinct from the cited references**

MPEP § 2142 provides that, "[I]f the examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of nonobviousness." Applicants contend that a *prima facie* case of obviousness has not been established for at least the reasons given above. Nevertheless, Applicants have provided the following discussion in an effort to provide clarification of the claim elements and expedite further prosecution. Applicants maintain that the claims in their original form are not rendered obvious by the cited references taken alone or in combination and reserve the right to return to that form and argue patentability at a later time.

Claim 1 recites, *inter alia*, "creating a note securing obligations...at least a first subsequent capped remarketing, and an uncapped remarketing, said uncapped remarketing performed only if each of said capped marketings fail, each of said capped and uncapped marketings scheduled to occur prior to said settlement date." The Office Action on page 4 states that "[E]xaminer notes that, as applicant has admitted in arguments on 06/20/2008, 'the Shearman reference suggests that a capped marketing is a possible alternative to an uncapped remarketing' even though they are not used in combination in Shearman it would be obvious to one skilled in the art that both, capped and uncapped marketings are a possible." (Office Action, February 4, 2009, page 4). Applicants note that no such admission was made in the June 20, 2008 Response.

Applicants inserted footnote 2 and 3 in conjunction with the statement that "the Shearman reference suggests that a capped marketing is a possible alternative to an uncapped remarketing." Footnote 2 on page 3, of the response dated June 20, 2009, states:

Applicants believe they are correct in contending that one of the ordinary skill in the art would understand Sherman (and the IRS position) as teaching away from a capped remarketing, and

effectively mandating an uncapped remarketing. Nevertheless, for the sake of argument, applicants will assume that those who are skilled in the art would interpret the reference to mean that a capped remarketing is a possible alternative to an uncapped remarketing. (Emphasis added)

(Response to Final Office Action, June 20, 2009, page 3)

The statement the Examiner purports as an Applicant's admission was explicitly made in *arguendo* or *for the sake of argument*. Further, the statement was referenced by footnote 3 that states "as assumed in footnote 2, above." Therefore, Applicants respectfully submit that no admission was made about obviousness as contended in the Office Action. Applicants simply made remarks showing that even if *arguendo*, one considered the Examiner's assertions to be true, that Applicants still overcome the Examiner's position. Applicants further submit that the Office Action has not established why the claimed invention would have been obvious to one of ordinary skill in the art at the time the invention was made as discussed above and therefore no *prima facie* case of obviousness has been made.

Further, claim 1 recites, *inter alia*, "structuring the note as a combination of capped and uncapped remarketings, so it is treated as Tier 1 capital, for purposes of regulations applicable to financial institutions." The Office Action acknowledges that Shearman does not teach at least these claim limitations, but alleges Aberman remedies this deficiency asserting "Aberman teaches said unit is treated, as tier 1 capital, for purposes of regulations applicable to financial institutions. (See Paragraphs 58-61)." (Office Action, February 4, 2009, page 4). Applicants respectfully disagree. Instead of discussing the claimed elements in the cited passages, Aberman relates to instruments and methods making use of real estate investment trusts. Further, Aberman's general discussion of raising money does not disclose or suggest the claimed "structuring **the note as a combination of capped**

**and uncapped remarketing, so it is treated as Tier 1 capital, for purposes of regulations applicable to financial institutions,"** as recited within the context of claim 1. (Emphasis added).

More specifically, Applicants submit that the Examiner's cited portions of Aberman merely discuss "remarketing of their preferred share of the REIT such that the cash proceeds from the remarketing (if successful) may be used to satisfy such investor's obligation." (Aberman, paragraph 0058). Further, another cited portion of Aberman, relied on by the Examiner, states that "tax-deductibility of the dividend payments to the investors, and the ability to become common shares, is a combination not found in prior-art ways of raising money. " (Aberman, paragraph 0061).

The mere mention of Tier 1 capital is not sufficient, as it is explicit in Aberman that Tier 1 capital is a term used for enhancement of capital as viewed by the Federal Reserve Board and has nothing to do with whether a unit is "structur[ed] the note as a combination of capped and uncapped remarketing, so it is treated as Tier 1 capital..." Therefore, Aberman does not disclose or suggest the claimed "structuring the note as a combination of capped and uncapped remarketing, so it is treated as Tier 1 capital, for purposes of regulations applicable to financial institutions," as recited within the context of claim 1. Therefore, claim 1 is allowable over the cited references for at least this reason and Applicants respectfully submit that claim 1 is not rendered obvious in view of Aberman and Shearman, taken alone or in combination.

Although of different scope than independent claim 1, Applicants submit that independent claim 7, 17, 19, and 21 are patentably distinct from the cited references, taken alone or in combination, for at least similar reasons to those discussed above identifying deficiencies in the cited references with respect to independent claim 1. Furthermore, Applicants submit that claims 2-6, 8-16, and 20 which depend directly or indirectly from independent claims 1, 7, 17, 19, and 21 are also patentably distinct from the cited references, taken alone or in combination, for at least

similar reasons to those deficiencies discussed above in the cited references with respect to independent claim 1. Applicants respectfully request reconsideration and withdrawal of this basis of rejections.

### **Conclusion**

Consequently, the reference(s) cited by the office action do not result in the claimed invention, there was/is no motivation, basis and/or rationale for such a combination of references (i.e., cited references do not teach, read on, suggest, or result in the claimed invention(s)), and the claimed inventions are not admitted to be prior art. Thus, the Applicants respectfully submit that the supporting remarks and claimed inventions, claims 1-21 all: overcome all rejections and/or objections as noted in the office action, are patentable over and discriminated from the cited reference(s), and are in a condition for allowance. Furthermore, Applicants believe that the above remarks, which distinguish the claims over the cited reference(s), pertained only to noted claim element portions. These remarks are believed to be sufficient to overcome the prior art. While many other claim elements and/or bases for rejection were not discussed as they have been rendered moot based on the above amendments and/or remarks, Applicants assert that all such remaining and not discussed claim elements and/or bases for rejection, all, also are distinguished over the prior art and reserves the opportunity to more particularly traverse, remark and distinguish over any such remaining claim elements and/or bases for rejection at a later time should it become necessary. Further, any remarks that were made in response to an Office Action objection and/or rejection as to any one claim element, and which may have been re-asserted as applying to another Office Action objection and/or rejection as to any other claim element(s), any such re-assertion of remarks is not meant to imply that there is commonality about the structure, functionality, means, operation, and/or scope of any of the claim elements, and no such commonality is admitted as a

consequence of any such re-assertion of remarks. As such, Applicants do not concede that any claim elements have been anticipated and/or rendered obvious by any of the cited reference(s). Accordingly, Applicants respectfully request reconsideration and withdrawal of the rejection(s) and/or objection(s), and allowance of all claims.

### **AUTHORIZATION**

The Commissioner is hereby authorized to charge any additional fees which may be required for consideration of this Amendment to Deposit Account No. 03-1240, Order No. 17209.342. In the event that an extension of time is required, or which may be required in addition to that requested in a petition for an extension of time, the Commissioner is requested to grant a petition for that extension of time which is required to make this response timely and is hereby authorized to charge any fee for such an extension of time or credit any overpayment for an extension of time to Deposit Account No. 03-1240, Order No. 17209.342.

In the event that a telephone conference would facilitate examination of the application in any way, the Examiner is invited to contact the undersigned at the number provided.

Respectfully submitted,  
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